

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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LEGEND

Taxpayer =

Y =

Z =

State =

Date1 =

Date2 =

Date3 =

Date4 =

Date5 =

Dear :

This letter responds to a letter dated February 21, 2008 submitted on behalf of Taxpayer, requesting a ruling under §§ 301.7701-3(c)(1)(iv) and 301.9100-3 of the Procedure and Administration Regulations. Specifically, the Service's consent is

requested to change Taxpayer's classification from an association taxable as a corporation to a disregarded entity, effective Date5.

FACTS

Taxpayer, a State limited liability company, was formed on Date1, and became the wholly-owned subsidiary of Y, a domestic corporation, on Date2. Taxpayer elected to be classified as an association taxable as a corporation, effective Date2. On Date3, Z's wholly-owned subsidiary merged into Y. As a result of this merger, Y became the wholly-owned subsidiary of Z. On Date4, Y was converted into a limited liability company and treated as a disregarded entity for federal income tax purposes. Taxpayer intends to be treated as a disregarded entity effective Date5. Because an entity classification was made within 60 months prior to Date5, Taxpayer requests the Service's consent under § 301.7701-3(c)(1)(iv) to change its classification.

LAW AND ANALYSIS

Section 301.7701-3(a) provides that a business entity that is not classified as a corporation under § 301.7701-2(b)(1), (3), (4), (5), (6), (7), or (8) (an eligible entity) can elect its classification for federal tax purposes as provided in § 301.7701-3. An eligible entity with a single owner can elect to be classified as an association (and thus a corporation under § 301.7701-2(b)(2)) or to be disregarded as an entity separate from its owner.

Section 301.7701-3(b)(1) provides that except as provided in § 301.7701-3(b)(3), unless the entity elects otherwise, a domestic eligible entity is (i) a partnership if it has two or more members; or (ii) disregarded as an entity separate from its owner if it has a single owner.

Section 301.7701-3(c)(1)(i) provides, in part, that an eligible entity may elect to be classified other than as provided under § 301.7701-3(b), or to change its classification, by filing Form 8832, Entity Classification Election, with the service center designated on Form 8832.

Section 301.7701-3(c)(1)(iii) provides that an election under § 301.7701-3(c)(i) will be effective on the date specified by the entity on Form 8832 or on the date filed if no such date is specified on the election form. The effective date specified on Form 8832 can not be more than 75 days prior to the date on which the election is filed and can not be more than 12 months after the date on which the election is filed. If an election specifies an effective date more than 75 days prior to the date on which the election is filed, it will be effective 75 days prior to the date it was filed.

Section 301.7701-3(c)(1)(iv) provides, in part, that if an eligible entity makes an election under § 301.7701-3(c)(1)(i) to change its classification, the entity cannot

change its classification by election again during the sixty months succeeding the effective date of the election. However, the Commissioner may permit the entity to change its classification by election within the sixty months if more than fifty percent of the ownership interests in the entity as of the effective date of the subsequent election are owned by persons that did not own any interests in the entity on the filing date or the effective date of the entity's prior election.

Section 301.9100-1(c) provides that the Commissioner may grant a reasonable extension of time under the rules set forth in § 301.9100-2 and § 301.9100-3 to make a regulatory election, or a statutory election (but not more than 6 months except in the case of a taxpayer who is abroad), under all subtitles of the Internal Revenue Code, except subtitles E, G, H, and I.

Section 301.9100-2 provides the standards the Commissioner will use to determine whether to grant an automatic extension of time for making certain elections. Section 301.9100-3 provides the guidelines for granting extensions of time for making elections that do not meet the requirements of § 301.9100-2.

Section 301.9100-3(a) provides that requests for relief subject to § 301.9100-3 will be granted when the taxpayer provides the evidence (including affidavits described in § 301.9100-3(e)) to establish to the satisfaction of the Commissioner that the taxpayer acted reasonably and in good faith, and the grant of relief will not prejudice the interests of the Government.

CONCLUSION

Based solely on the facts submitted and the representations made, we consent to Taxpayer changing its classification for federal tax purposes less than 60 months after its previous classification change. As a result, Taxpayer is granted an extension of time of 60 days from the date of this letter to file a Form 8832 with the appropriate service center and elect to be classified as a disregarded entity, effective Date5. A copy of this letter should be attached to the Form 8832.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

The ruling contained in this letter is based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the ruling request, it is subject to verification on examination.

In accordance with a power of attorney on file with this office, we are sending a copy of this letter to Taxpayer's authorized representatives.

Sincerely,

/s/

William P. O'Shea
Associate Chief Counsel
(Passthroughs & Special Industries)

Enclosures (2)

Copy of this letter
Copy for § 6110 purposes

cc: